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10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:) CFL LICENSE NOS.: 603L038
13 THE COMMISSIONER OF BUSINESS) 60DBO-33221
OVERSIGHT,) 60DBO-42467
14) 60DBO-44686
Complainant,) 60DBO-44798
15 v.) 60DBO-64442
16) SUPPLEMENTAL
17) SETTLEMENT AGREEMENT
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20 This Settlement Agreement is entered into between the Commissioner of Business Oversight
21 (Complainant or Commissioner) and Respondent (Respondent or Low VA Rates, LLC) and is made
22 with respect to the following facts:

23 **I.**

24 **RECITALS**

25 A. The Commissioner has jurisdiction over the licensing and regulation of persons and
26 entities engaged in the business of finance lending or brokering under the California Financing Law
27 (CFL) (Fin. Code, § 22000 et seq.).

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1 B. Respondent is a corporation, with a principal place of business at 384 S. 400 West,
2 Suite 100, Lindon, Utah 84042.

3 C. Respondent is licensed as a finance lender/broker under the CFL license numbers
4 603L038, 60DBO-33221, 60DBO-42467, 60DBO-44686, 60DBO-44798, and 60DBO-64442.

5 D. Respondent operates two branch offices in Utah.

6 E. In accordance with Financial Code section 22159, CFL licensees must file an annual
7 report with the Commissioner by March 15 of each year (Annual Report).

8 F. On January 2, 2019, the Commissioner notified CFL licensees of the March 15, 2019
9 deadline to file their annual reports by sending notice to the email address of each CFL licensee
10 established pursuant to the Commissioner's Order on Electronic Communications, dated November
11 22, 2013. The notification admonished licensees that the Commissioner could assess penalties and
12 summarily revoke CFL license(s) for untimely filing or failing to file pursuant to Financial Code
13 section 22715.

14 G. On February 1, 2019, the Commissioner again notified CFL licensees of the March
15 15, 2019 deadline to file their annual reports by sending notice to the email address each CFL
16 licensee established pursuant to the Commissioner's Order on Electronic Communications, dated
17 November 22, 2013. The notification again warned that the Commissioner could assess penalties and
18 summarily revoke licenses for untimely filing or failing to file pursuant to Financial Code section
19 22715.

20 H. On March 5, 2019, the Commissioner again notified CFL licensees of the March 15,
21 2019 deadline to file their annual reports by sending notice to the email address each CFL licensee
22 established pursuant to the Commissioner's Order on Electronic Communications, dated November
23 22, 2013. The notification again warned that the Commissioner could assess penalties and
24 summarily revoke licenses for untimely filing or failing to file pursuant to Financial Code section
25 22715.

26 I. As of March 15, 2019, Respondent had not filed its Annual Report with the
27 Commissioner. As a result, the Commissioner issued a notice on March 18, 2019 to Respondent to
28 Respondent's email address established pursuant to the Commissioner's Order on Electronic

1 Communications, dated November 22, 2013, advising Respondent that it should file its annual report
2 by or before March 29, 2019 or else its license would be summarily revoked pursuant to Financial
3 Code section 22715 (Notice email).

4 J. As of March 29, 2019, Respondent had not filed its Annual Report with the
5 Commissioner as directed in the Notice Letter. As a result, on April 3, 2019, the Commissioner
6 issued an Order Summarily Revoking California Finance Lenders/Brokers License Pursuant to
7 Financial Code Section 22715 for CFL License Numbers 603L038, 60DBO-33221, 60DBO-42467,
8 60DBO-44686, 60DBO-44798, and 60DBO-64442 (Summary Revocation Orders).

9 K. Upon receiving the Summary Revocation Order(s), Respondent timely notified the
10 Commissioner that Respondent was requesting a hearing on the Summary Revocation Order(s).

11 L. On April 11, 2019, Respondent submitted its Annual Report, which was due on
12 March 15, 2019, 18 business days late. Pursuant to Financial Code Section 22715, the maximum
13 penalty that may be imposed for filing 18 business days late is \$7,000.00 (\$100 per business day for
14 the first five business days and \$500 per business day thereafter up to a maximum of \$25,000).

15 M. In connection with these proceedings, Respondent represented to the Commissioner
16 that it had taken no new applications under its license.

17 N. The Commissioner finds that entering into this Settlement Agreement is in the public
18 interest and consistent with the purposes fairly intended by the policies and provisions of the CFL.

19 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
20 forth herein, the parties agree as follows:

21 **II.**

22 **TERMS AND CONDITIONS**

23 1. Purpose. The parties intend to resolve this matter for the purpose of judicial economy
24 and expediency and without the uncertainty and expense of a hearing or other litigation.

25 2. Waiver of Hearing Rights. Respondent hereby agrees to withdraw its request for an
26 administrative hearing on the Summary Revocation Order(s). Respondent acknowledges its right
27 under the CFL to an administrative hearing on the Summary Revocation Order(s) and hereby waives
28 such right to a hearing and to any reconsideration, appeal, injunction or other review that may be

1 afforded under the Financial Code; Administrative Procedure Act, including Government Code
2 section 11415.60, subdivision (b); Code of Civil Procedure; or any other provision of law. By
3 waiving such rights, Respondent effectively consents to the finality of the Summary Revocation
4 Order(s).

5 3. Order Rescinding Revocation Order(s). The Commissioner hereby rescinds the
6 Summary Revocation Order, which had been issued on April 3, 2019.

7 4. Administrative Penalty. Respondent shall pay an administrative penalty of \$7,000.00
8 no later than 30 days after the effective date of this Settlement Agreement as defined in paragraph
9 18. The penalty must be made payable in the form of a cashier's check or Automated Clearing
10 House deposit to the Department of Business Oversight and transmitted to the attention of
11 Accounting – Litigation, at the Department of Business Oversight, 1515 K Street, Suite 200,
12 Sacramento, California 95814. Notice of the payment must be concurrently sent to Vanessa T. Lu,
13 Counsel, Department of Business Oversight, 320 West 4th Street, Suite 750, Los Angeles, California
14 90013-2344.

15 5. Failure to Pay Administrative Penalty. If Respondent fails to comply with paragraph
16 4, the Commissioner may summarily suspend it from engaging in business under its license until it
17 provides evidence of compliance to the Commissioner's satisfaction. Respondent hereby waives any
18 notice or hearing rights afforded under the Administrative Procedure Act, including Government
19 Code section 11415.60, subdivision (b); Code of Civil Procedure; or any other provision of law to
20 contest the summary suspension contemplated by this paragraph.

21 6. Full and Final Resolution. Except as stated in paragraph 5, this Settlement
22 Agreement is intended to constitute a full and final resolution of the matter described in it. The
23 Commissioner will not bring any further action or proceeding concerning the matter unless she
24 discovers violations by Respondent that do not form the basis for this Settlement Agreement,
25 including violations knowingly concealed from the Commissioner.

26 7. Commissioner's Duties. Nothing in this Settlement Agreement limits the
27 Commissioner's ability to assist any other government agency with any action brought by that
28 agency against Respondent, including an action based on any of the acts, omissions, or events

1 described in this Settlement Agreement.

2 8. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it
3 has had an opportunity to seek independent advice from its attorney(s) and/or representatives with
4 respect to the advisability of executing this Settlement Agreement.

5 9. Reliance. Each of the parties represents, warrants, and agrees that in executing this
6 Settlement Agreement it has relied solely on the statement set forth herein and has had the
7 opportunity to seek the legal advice of its own counsel. Each of the parties further represents,
8 warrants, and agrees that in executing this Settlement Agreement it has placed no reliance on any
9 statement, representation, or promise of any other party, or any other person or entity not expressly
10 set forth herein, or upon the failure of any party or any other person or entity to make any statement,
11 representation, or disclosure of anything whatsoever. The parties have included this clause: (1) to
12 preclude any claim that any party was in any way fraudulently induced to execute this Settlement
13 Agreement; and (2) to preclude the introduction of parol evidence to vary, interpret, supplement, or
14 contradict the terms of this Settlement Agreement.

15 10. Full Integration. This Settlement Agreement is the final written expression and the
16 complete and exclusive statement of all the agreements, conditions, promises, representations, and
17 covenants between the parties with respect to the subject matter hereof, and supersedes all prior or
18 contemporaneous agreements, negotiations, representations, understandings, and discussions
19 between and among the parties, their respective representatives, and any other person or entity, with
20 respect to the subject matter covered hereby. The parties have included this clause to preclude the
21 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this
22 Settlement Agreement.

23 11. No Presumption Against Drafter. In that the parties have had the opportunity to draft,
24 review, and edit the language of this Settlement Agreement, no presumption for or against any party
25 arising out of drafting all or any part of this Settlement Agreement will be applied in any action
26 relating to, connected to, or involving this Settlement Agreement. Accordingly, the parties waive the
27 benefit of Civil Code section 1654 and any successor or amended statutes, providing that in cases of
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1 uncertainty, language of a contract should be interpreted most strongly against the party who caused
2 the uncertainty to exist.

3 12. Voluntary Agreement. Respondent hereby enters in this Settlement Agreement
4 voluntarily and without coercion and acknowledges that no promises, threats, or assurances have
5 been made by the Commissioner or any officer, or agent thereof, about this Settlement Agreement.

6 13. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
7 this Settlement Agreement will be valid or binding unless it is in writing and signed by all parties
8 affected by it. Waiver of a provision of this Settlement Agreement will not be deemed a waiver of
9 any other provision.

10 14. Counterparts. The parties agree that this Settlement Agreement may be executed in
11 one or more separate counterparts, each of which when so executed, shall be deemed an original. A
12 fax or electronic mail signature shall be deemed the same as an original signature. Such counterparts
13 shall together constitute and be one and the same instrument.

14 15. Public Record. Respondent acknowledges that the Settlement Agreement is public
15 record.

16 16. Headings. The headings to the paragraphs of this Settlement Agreement are inserted
17 for convenience only and will not be deemed a part hereof or affect the construction or interpretation
18 of the provisions hereof.

19 17. Governing Law. This Settlement Agreement shall be construed and enforced in
20 accordance with and governed by California law.

21 18. Effective Date. This Settlement Agreement will become effective on the date it is
22 signed by all parties and delivered by the Commissioner to Respondent by electronic mail at
23 Eric.Kandell@lowvarates.com.

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19. Settlement Authority. Each party represents that the person signing this Settlement Agreement on its behalf has the authority and capacity to do so.

Dated: 4/30/19

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: 4/30/19

LOW VA RATES, LLC

By _____
ERIC KANDELL
President